360 CAPITAL INVESTMENT TRUST

Interim Financial Report
For the half year ended 31 December 2015

Comprising 360 Capital Investment Trust ARSN 104 552 598 and its controlled entities.

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of 360 Capital Investment Trust for the year ended 30 June 2015 and any public announcements made by 360 Capital Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Directors of 360 Capital Investment Management Limited, the Responsible Entity of 360 Capital Investment Trust ("Trust") present their report, together with the interim financial report of 360 Capital Investment Trust and its controlled entities ("consolidated entity") for the half year ended 31 December 2015.

The consolidated entity forms part of the stapled entity, 360 Capital Group ("Stapled Group") (ASX Code: TGP) comprising 360 Capital Group Limited and its controlled entities and 360 Capital Investment Trust and its controlled entities.

Directors

The following persons were Directors of 360 Capital Investment Management Limited, the Responsible Entity of 360 Capital Investment Trust, during the half year and up to the date of this report unless otherwise stated:

David van Aanholt (Chairman)
Tony Robert Pitt
William John Ballhausen
Graham Ephraim Lenzner
Andrew Graeme Moffat

Principal activities

The principal activities of the consolidated entity during the course of the half year were direct investments in commercial real estate and co-investments in the managed funds.
There were no other significant changes in the nature of activities of the consolidated entity during the period.

Operating and financial review

The statutory profit to the unitholders of the consolidated entity for the half year ended 31 December 2015 was $7.7 million (December 2014: $23.3 million). The operating profit (profit before specific non-cash and significant items) was $6.2 million (December 2014: $6.9 million).

Operating profit is a financial measure which is not prescribed by Australian Accounting Standards ("AAS") and represents the profit under AAS adjusted for specific non-cash items and significant items. The Directors consider operating profit to reflect the core earnings of the consolidated entity.

The following table summarises key reconciling items between statutory profit attributable to the unitholders of the consolidated entity and operating profit. The operating profit information in the table has not been subject to any specific review procedures by the consolidated entity's auditor but has been extracted from Note 5 of the accompanying financial statements for the half year ended 31 December 2015, which have been subject to review; refer to page 28 for the auditor's review report on the financial statements.

Operating and financial review (continued)

	Total core 31 December 2015 $'000	Total core 31 December 2014 $'000
Profit attributable to the unitholders of the consolidated entity	**7,743**	**23,269**
Specific non-cash items		
Net gain on fair value of financial assets	(1,781)	(8,075)
Net loss/(gain) on fair value of derivative financial instruments	173	(10)
Net gain on fair value of investment properties	-	(8,615)
Straight-lining of lease revenue and incentives amortisation	-	365
Significant items		
Other expenses	48	-
Rent receivable adjustment	1,260	-
Net gain on disposal of financial assets	(1,500)	-
Net loss on sale of investment properties	279	-
Operating profit (profit before specific non-cash and significant items)	**6,222**	**6,934**

The key financial highlights for the half year ended 31 December 2015 include:

- Statutory net profit attributable to unitholders of the consolidated entity of $7.7 million (December 2014: $23.3 million)
- Operating profit of $6.2 million (December 2014: $6.9 million)
- Statutory Basic earnings per unit "EPU" of 3.4 cpu (December 2014: 10.3 cpu)
- Operating EPU of 2.7 cpu (December 2014: 3.1 cpu)
- Distributions of 3.125 cpu (December 2014: 2.7915 cpu)
- Net assets increased to $139.1 million from $136.5 million as at 30 June 2015

The key operating achievements for the half year ended 31 December 2015 include:

- Settled Hurstville asset disposal for $47.0m.
- Repaid the Trust's bank debt with the NAB.
- The consolidated entity redeployed capital, acquiring an additional $15.6 million of units in the 360 Capital Industrial Fund (TIX) increasing total co-investments to $167.6 million.

Operating and financial review (continued)

Statutory results

The consolidated entity's statutory net profit attributable to unitholders for the half year ended 31 December 2015 was $7.7 million compared $23.3 million for prior period. Statutory net profit has decreased due a significant gain in the prior period on the Funds Hurstville property contracted for sale in September 2014 combined with and higher fair value gains across the co-investment platform in the prior period. Distribution revenue continues to increase as a result of acquisitions of co-investments funded by redeployment of the consolidated entity's capital.

The consolidated entity's statutory balance sheet as at 31 December 2015 had gross assets of $256.6 million reflecting a decrease of $23.1 million from 30 June 2015. Current assets have decreased to $13.7 million reflecting the settlement of the consolidated entity's Hurstville property in September 2015. The consolidated entity's financial assets fair valued through the profit and loss increased in total by $17.4 million to $167.6 which included the acquisition of an additional $15.6 million of units in 360 Capital Industrial Fund.

Total borrowings at 31 December 2015 decreased to $109.1 million from $119.6 million at 30 June 2015 as a result of the consolidated entity repaying $11.0 million of its secured bank facility with the NAB.

Segment results

The operating profit for the half year ended 31 December 2015 was $6.2 million compared to $6.9 million for the prior period. The result reflects the a growth in overall revenue following the transition from direct property investment revenue which has declined following the sale of the consolidated entity's Hurstville property and substituted by increased distribution income from the consolidated entity's expanded co-investment platform. The increase in revenue is off-set by higher finance expenses reflecting a for the full six months of interest expense compared to three month in the prior period following the Trust's bond issue in September 2014.

Co-investments in managed funds

Over the half year to 31 December 2015, the consolidated entity increased its co-investment capital to $167.6 million, up 11.6% on 30 June 2015. This increased in co-investment was predominantly in TIX to maintain a 15.6% ownership following its compulsory acquisition of ANI.

In line with the consolidated entity's strategy of reducing its co-investment exposure to unlisted funds, the consolidated entity increased its total co-investment in listed to $121.6 million across TIX and the 360 Capital Office Fund (TOF). Unlisted co-investment reduced from $47.1 million to $46.0 million and may fall a further $30.4m with the proposed sale of the consolidated entity's stake in 360 Capital 111 St Georges Terrace Property Trust.

The consolidated entity received total distributions of $8.2 million for the half year to December 2015, up 46.4% on prior period.

Direct asset investment

On 30 September 2015, the consolidated entity settled the disposal of 20 Woniora Road, Hurstville, NSW for a gross sale price of $47.0 million. The consolidated entity also received $1.2 million in rent for the three months to 30 September 2015.

Post settlement of the property, the consolidated entity utilised sale proceeds to repay its associated bank debt of $11.0 million.

Summary and Outlook

The 360 Capital Group which includes the consolidated entity has now finalised implementing its business plan to become a pure funds management and co-investor group, with the disposal of the Hurstville property settled in September 2015.

The Group will continue to maintain its "capital light" strategy, opting to grow earnings and distributions per security in excess of its peers from a tight capital base. 360 Capital remains focused, disciplined in its investment approach with an unchanged business plan.

Distributions

Distributions declared by 360 Capital Investment Trust directly to unitholders during the half year were as follows:

	31 December 2015 $'000	31 December 2014 $'000
1.3125 cents per unit paid on 24 October 2014	-	3,264
1.4790 cents per unit paid on 27 January 2015	-	3,679
1.5625 cents per unit paid on 26 October 2015	3,867	-
1.5625 cents per unit paid on 28 January 2016	3,867	-
	7,734	6,943

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the half year under review other than those listed above or elsewhere in the Directors' report.

Likely developments and expected results of operations

The consolidated entity continues to focus on rolling out its business plan. The consolidated entity remains well capitalised and will continue to maintain a "capital light" strategy, opting to grow earnings and distributions per unit in excess of its peers from this tight capital base.

The consolidated entity's NTA is expected to continue to increase mainly due to increased value of the co-investment stakes due to continuing firming of property yields as local and overseas investors continue to chase well leased income producing properties.

Events subsequent to balance date

Post the reporting period, the consolidated entity received an offer (subject to various approvals) from TOF for the acquisition of the consolidated entity's 44.4% holding in the 360 Capital 111 St George's Terrace Property Trust for $30.4 million. No other circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Auditor's independence declaration

The auditor's independence declaration required under Section 307C of the Corporations Act 2001 is set out on page 6 and forms part of the Directors' report for the half year ended 31 December 2015.

Rounding of amounts

The consolidated entity is an entity of the kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission ("ASIC"). In accordance with that Class Order, amounts in the interim financial report and Directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the Directors.

Tony Robert Pitt
Director
Sydney
24 February 2016

Graham Ephraim Lenzner
Director

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Auditor's Independence Declaration to the Directors of 360 Capital Investment Management Limited as Responsible Entity for 360 Capital Investment Trust

As lead auditor for the review of 360 Capital Investment Trust for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of 360 Capital Investment Trust and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
24 February 2016

360 Capital Investment Trust

Consolidated interim statement of profit or loss and other comprehensive income

For the half year ended 31 December 2015

	Note	31 December 2015 $'000	31 December 2014 $'000
Revenue from continuing operations			
Rental from investment properties		4,273	3,830
Distributions from property funds		6,849	6,029
Finance revenue		61	227
Total revenue from continuing operations		11,183	10,086
Other income			
Net gain on fair value of financial assets	8	2,136	9,822
Net gain on fair value of investment properties	7	-	8,615
Net gain on disposal of financial assets	8	1,500	-
Net gain on fair value of derivative financial instruments		-	10
Total other income		3,636	18,447
Total revenue from continuing operations and other income		14,819	28,533
Investment property expenses		1,671	707
Administration expenses		387	524
Finance expenses	3	3,783	2,018
Net loss on fair value of investment properties	7	96	-
Net loss on fair value of derivative financial instruments		526	-
Net loss on sale of investment property		279	-
Profit for the half year		8,077	25,284
Other comprehensive income for the half year			-
Total comprehensive income for the half year		8,077	25,284
Total comprehensive income attributable to:			
Profit attributable to unitholders		7,743	23,269
Profit attributable to external non-controlling interests		334	2,015
Profit for the half year		8,077	25,284
Earnings per unit for profit attributable to unitholders of the consolidated entity		**Cents**	**Cents**
Basic earnings per unit	4	3.4	10.3
Diluted earnings per unit	4	3.1	9.4

The above consolidated interim statement of profit or loss and other comprehensive income should be read with the accompanying condensed notes.

360 Capital Investment Trust

Consolidated interim statement of financial position

As at 31 December 2015

	Note	31 December 2015 $'000	30 June 2015 $'000
Current assets			
Cash and cash equivalents		3,791	4,206
Receivables		2,973	2,487
Financial assets at fair value through profit or loss	8	44	-
Assets held for sale	6	-	47,000
Due from related entities		6,473	-
Other current assets		413	498
Total current assets		13,694	54,191
Non-current assets			
Financial assets at fair value through profit or loss	8	167,596	150,177
Investment properties	7	75,350	75,300
Total non-current assets		242,946	225,477
Total assets		256,640	279,668
Current liabilities			
Trade and other payables		3,816	3,443
Borrowings	9	-	11,000
Provisions		3,867	3,680
Due to related entities		-	8,501
Other current liabilities		351	7,827
Total current liabilities		8,034	34,451
Non-current liabilities			
Borrowings	9	109,047	108,620
Derivative financial instruments		491	137
Total non-current liabilities		109,538	108,757
Total liabilities		117,572	143,208
Net assets		139,068	136,460
Equity			
Issued capital - trust units	10	152,453	152,453
Accumulated losses		(24,981)	(25,200)
Total equity attributable to unitholders		127,472	127,253
External non-controlling interest		11,596	9,207
Total equity		139,068	136,460

The above consolidated interim statement of financial position should be read with the accompanying condensed notes.

360 Capital Investment Trust
Consolidated interim statement of changes in equity
For the half year ended 31 December 2015

	Note	Issued capital - trust units $'000	Security based payments reserve $'000	Accumulated losses $'000	Total equity attributable to unitholders $'000	External non-controlling interest $'000	Total equity $'000
Balance at 1 July 2015		152,453	-	(25,200)	127,253	9,207	136,460
Total comprehensive income for the year		-	-	7,743	7,743	334	8,077
Acquisition of non-controlling interest		-	-	210	210	-	210
Recognition of non-controlling interest		-	-	-	-	2,488	2,488
Transactions with Unitholders in their capacity as Unitholders							
Distributions	2	-	-	(7,734)	(7,734)	(433)	(8,167)
		-	-	(7,734)	(7,734)	(433)	(8,167)
Balance at 31 December 2015		152,453	-	(24,981)	127,472	11,596	139,068
Balance at 1 July 2014		152,453	451	(37,839)	115,065	25,030	140,095
Total comprehensive income for the year		-	-	23,269	23,269	2,015	25,284
Acquisition of non-controlling interest		-	-	5,478	5,478	(26,678)	(21,200)
Transactions with Unitholders in their capacity as Unitholders							
Security based payment transaction		-	301	-	301	-	301
Issued units - Redeemed		-	-	-	-	(6)	(6)
Distributions	2	-	-	(6,943)	(6,943)	(361)	(7,304)
Balance at 31 December 2014		152,453	752	(16,035)	137,170	-	137,170

The above consolidated interim statement of changes in equity should be read with the accompanying condensed notes.

360 Capital Investment Trust

Consolidated interim statement of cash flows

For the half year ended 31 December 2015

	Note	31 December 2015 $'000	31 December 2014 $'000
Cash flows from operating activities			
Cash receipts from customers (inclusive of GST)		3,945	4,549
Cash payments to suppliers (inclusive of GST)		(1,299)	(1,578)
Dividends and distributions received		6,687	4,827
Finance revenue		61	227
Finance expenses		(3,486)	(308)
Net cash inflows from operating activities		**5,908**	**7,717**
Cash flows from investing activities			
Proceeds from disposal of investment properties		38,901	8,901
Payments for financial assets		(15,648)	(43,173)
Payments for investment properties		(141)	-
Proceeds from disposal of financial assets		1,821	1,669
Payments for external non-controlling interest		-	(21,200)
Net cash outflows from investing activities		**24,933**	**(53,803)**
Cash flows from financing activities			
Proceeds from borrowings		-	75,000
Repayment of borrowings		(11,000)	(25,000)
Payments for borrowing costs		-	(2,201)
Amounts paid to related parties		(14,974)	5,148
Distributions paid to unitholders		(7,547)	(6,373)
Distributions paid to external non-controlling interests		(433)	(700)
Proceeds from issue of capital to non-controlling interests		2,698	-
Redemption of units from external non-controlling interests		-	(6)
Net cash inflows from financing activities		**(31,256)**	**45,868**
Net decrease increase in cash and cash equivalents		(415)	(218)
Cash and cash equivalents at the beginning of the half year		4,206	5,648
Cash and cash equivalents at the end of the half year		**3,791**	**5,430**

The above consolidated interim statement of cash flows should be read with the accompanying condensed notes.

Note 1: Statement of significant accounting policies

a) Reporting entity

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The interim financial report of 360 Capital Investment Trust comprises the consolidated financial statements of 360 Capital Investment Trust and its controlled entities. The consolidated entity forms part of the stapled entity, 360 Capital Group ("Stapled Group") (ASX Code: TGP) comprising 360 Capital Group Limited and its controlled entities and 360 Capital Investment Trust and its controlled entities.

The interim financial report does not include all of the notes and information required for a full annual financial report and should be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by 360 Capital Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The annual financial report of the 360 Capital Investment Trust as at and for the year ended 30 June 2015 is available upon request from the registered office at Level 8, 56 Pitt Street, Sydney NSW 2000 Australia or at www.360capital.com.au.

Where accounting policies have changed, comparative financial information of the consolidated entity has been revised. The accounting policies adopted in this interim financial report are consistent with those of the previous financial year and corresponding interim reporting period.

For the period commencing 1 July 2015, the consolidated entity has not adopted any new accounting standards or amendments.

b) Basis of consolidation

Stapling
On 2 October 2013, 360 Capital Group was formed by stapling together the shares of the 360 Capital Group Limited ("Company") and the units of 360 Capital Investment Trust ("Trust"). Equity holders of the Stapled Group are entitled to an equal interest in each stapled entity.

The Constitutions of the Trust and the Company ensure that, for so long as these entities remain jointly listed, the number of units in the Trust and the number of shares in the Company shall be equal and that unitholders and shareholders be identical. Both the Responsible Entity of the Trust and the Company must at all times act in the best interest of 360 Capital Group.

The stapling arrangement will cease upon the earlier of the winding up of any of the stapled entities, or any of the entities terminating the stapling arrangement

Note 2: Distributions

Distributions declared by 360 Capital Investment Trust directly to unitholders during the half year were as follows:

	31 December 2015 $'000	31 December 2014 $'000
1.3125 cents per unit paid on 24 October 2014	-	3,264
1.4790 cents per unit paid on 27 January 2015	-	3,679
1.5625 cents per unit paid on 26 October 2015	3,867	-
1.5625 cents per unit paid on 25 January 2016	3,867	-
	7,734	6,943

Note 3: Finance expenses

	31 December 2015 $'000	31 December 2014 $'000
Interest and finance charges paid and payable	3,509	1,778
Borrowing cost amortisation	274	240
	3,783	2,018

Note 4: Earnings per unit

	31 December 2015 ¢	31 December 2014 ¢
Basic earnings per unit	3.4	10.3
Diluted earnings per unit	3.1	9.4

	$'000	$'000
Basic and diluted earnings		
Profit attributable to unitholders of the consolidated entity used in calculating earnings per unit	7,743	23,269

	000's	000's
Weighted average number of units used as a denominator		
Weighted average number of units - basic	226,733	226,733
Weighted average number of units - diluted	248,018	248,703

Note 4: Earnings per unit (continued)

Dilution

During the year ended June 2014, 21,970,000 stapled securities were granted to employees of the Stapled Group under the 360 Capital Group Employee Security Plan (ESP), on 18 September 2015 the stapled Group bought back and cancelled 1,200,000 of these securities. These ESP securities are not included in the calculation of the basic number of stapled securities on issue.

Further information on the ESP is provided in Note 10.

Note 5: Segment reporting

Segment information is presented in respect of the consolidated entity's operating segments, which are the primary basis of segment reporting. An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other operating segments. The primary segments are based on the consolidated entity's management and internal reporting structure and include:

1) Co-investment - providing income through distributions and capital growth in equity values
2) Direct asset investment - delivering rental cash flows, until the divestment of the consolidated entity's last remaining direct property asset in September 2015

The consolidated entity's management strategy and measures of performance focus on the returns from these core segments in order to deliver returns and value to investors.

Operating segments are determined based on the information which is regularly reviewed by the Managing Director, who is the Chief Operating Decision Maker of the consolidated entity.

The information provided is net of specific non-cash items including fair value adjustments, straight-lining of lease revenues and incentives and impairment adjustments. Significant one off items are also excluded.

Consolidation and eliminations

Included in this segment are the elimination of inter-group transactions and conversion of the consolidated results from the managed fund deemed to be controlled under AASB 10, being material non-controlling interests (refer to Note 14). The performance of this managed fund is considered to be non-core and is reviewed separately to that of the performance of the business segments. On 19 September 2014 the consolidated entity increased its ownership of the managed fund to 100% and accordingly there will be no further consolidation and elimination entries relating to this fund.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the underlying assets. All segments operate solely within Australia.

Note 5: Segment reporting (continued)

The operating segments provided to the Board for the reportable segments for the half year ended 31 December 2015 are as follows:

Half year ended 31 December 2015	**Co-investment funds**	**Direct asset investment**	**Total core**	**Consolidation & eliminations**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Net property income	-	1,198	**1,198**	2,634	3,832
Co-investment revenue	8,169	-	**8,169**	(1,320)	6,849
Total revenue and other income	8,169	1,198	**9,367**	1,314	10,681
Operating expenses	40	60	**100**	244	344
Earnings before interest and tax (EBIT)	8,129	1,138	**9,267**	1,070	10,337
Net interest expense	2,897	148	**3,045**	677	3,722
Operating profit (before specific non-cash and significant items)	5,232	990	**6,222**	393	6,615

Weighted average number of units - basic ('000)	226,733
Operating profit per unit (before specific non-cash and significant items) (EPS) - cents	**2.7**

Number of units for distribution per unit (DPS) ('000)	247,503
DPS - cents	**3.125**

Note 5: Segment reporting (continued)

The operating segments provided to the Board for the reportable segments for the half year ended 31 December 2014 are as follows:

Half year ended 31 December 2014	Co-investment funds	Direct asset investment	Total core	Consolidation & eliminations	Total
	$'000	$'000	$'000	$'000	$'000
Net property income	-	3,487	**3,487**	-	3,487
Co-investment revenue	5,579	-	**5,579**	451	6,030
Other income	27	-	**27**	(27)	-
Total revenue and other income	5,606	3,487	**9,093**	424	9,517
Operating expenses	79	290	**369**	155	524
Earnings before interest and tax (EBIT)	5,527	3,197	**8,724**	269	8,993
Net interest expense	2,011	(221)	**1,790**	1	1,791
Operating profit (before specific non-cash and significant items)	3,516	3,418	**6,934**	268	7,202

Weighted average number of units - basic ('000)			226,733		
Operating profit per unit (before specific non-cash and significant items) (EPS) - cents			**3.1**		

Number of units for distribution per unit (DPS) ('000)			248,703		
DPS - cents			**2.792**		

Note 5: Segment reporting (continued)

Reconciliation of profit to operating profit for the half year is as follows:

	Total core 31 December 2015 $'000	Total core 31 December 2014 $'000	Total 31 December 2015 $'000	Total 31 December 2014 $'000
Profit after tax attributable to unitholders	7,743	23,269		
Profit for the half year	-	-	8,077	25,284
Specific non-cash items				
Net gain on fair value of financial assets	(1,781)	(8,075)	(2,136)	(9,822)
Net loss/(gain) on fair value of derivative financial instruments	173	(10)	526	(10)
Net gain on fair value of investment properties	-	(8,615)	-	(8,615)
Straight-lining of lease revenue and incentives amortisation	-	365	61	365
Significant items				
Other expenses	48	-	48	-
Rent receivable adjustment	1,260	-	1,260	-
Net gain on disposal of financial assets	(1,500)	-	(1,500)	-
Net loss on sale of investment properties	279	-	279	
Operating profit (before specific non-cash items and significant items)	6,222	6,934	6,615	7,202

Note 5: Segment reporting (continued)

As at 31 December 2015	Co-investment funds $'000	Direct asset investment $'000	Total core $'000	Consolidation & eliminations $'000	Total $'000
Assets					
Cash and cash equivalents	1,948	-	1,948	1,843	3,791
Investment properties	-	-	-	75,350	75,350
Assets held for sale	-	-	-	-	-
Financial assets at fair value through the profit or loss	198,679		198,679	(31,039)	167,640
Other assets	9,283	-	9,283	576	9,859
Total assets	209,910	-	209,910	46,730	256,640
Liabilities					
Borrowings	75,160	-	75,160	33,887	109,047
Other liabilities	5,377	-	5,377	3,148	8,525
Total liabilities	80,537	-	80,537	37,035	117,572
Net assets	129,373	-	129,373	9,695	139,068
As at 30 June 2015					
Assets					
Cash and cash equivalents	2,894	269	3,163	1,042	4,205
Investment properties	-		-	75,300	75,300
Assets held for sale	-	47,000	47,000	-	47,000
Financial assets at fair value through the profit or loss	184,201	-	184,201	(34,024)	150,177
Other assets	2,787	161	2,948	37	2,985
Total assets	189,882	47,430	237,312	42,355	279,667
Liabilities					
Borrowings	85,713	-	85,713	33,906	119,619
Other liabilities	653	21,055	21,708	1,880	23,588
Total liabilities	86,366	21,055	107,421	35,786	143,207
Net assets	103,516	26,375	129,891	6,569	136,460

Note 6: Assets held for sale

	31 December 2015 $'000	30 June 2015 $'000
Investment property		
12-22 Woniora Road, Hurstville NSW	-	47,000
	-	47,000
Less: Deferred rent receivable	(1,260)	(3,119)
Deferred rent received	1,260	1,859
Balance	-	45,740

On 25 September 2015 the consolidated entity settled the sale of 12-22 Woniora Road, Hurstville NSW for a gross sale price of $47.0 million.

Note 7: Investment properties

		Book value		Capitalisation rate		Discount rate			
	Date of acquisition	31 Dec 2015 $'000	30 Jun 2015 $'000	31 Dec 2015 %	30 Jun 2015 %	31 Dec 2015 %	30 Jun 2015 %	Last external valuation	Valuation $'000
City Centre Plaza, Rockhampton QLD	26-Jun-15	55,050	55,000	7.25	7.25	8.75	8.75	Jun-15	55,000
Windsor Marketplace, Windsor, Sydney NSW	11-Jun-15	20,300	20,300	7.00	7.00	8.00	8.00	Jun-15	20,300
Investment properties		75,350	75,300						
Less: lease income receivable and incentives		(1,593)	(1,500)						
		73,757	73,800						

City Centre Plaza, Rockhampton QLD – 360 Capital Retail Fund No.1
A controlled entity of the Group which is located in Rockhampton QLD. The property is a sub-regional shopping centre comprising 14,063sqm and 491 car spaces.

Windsor Marketplace, Windsor, Sydney, NSW – 360 Capital Retail Fund No.1
A controlled entity of the Group which is located in Windsor NSW. The property is a recently refurbished neighbourhood shopping centre comprising 5,347sqm with 162 car spaces.

Note 7: Investment properties

	31 December 2015 $'000	30 June 2015 $'000
Balance at 1 July	75,300	38,500
Capitalised subsequent expenditures	52	6,566
Investment properties acquired	-	68,100
Reclassification to assets held for sale	-	(47,000
Straight-lining of lease revenue and incentives	94	(474)
Fair value adjustment of investment properties	(96)	6,458
Fair value adjustment of investment properties – Deferred rent receivable	-	3,150
Closing balance	75,350	75,300

Valuation basis
Investment properties are carried at fair value. Fair value of the properties is determined by the Directors, having regard to independent valuations prepared by valuers with appropriately recognised professional qualification and recent experience in the location and category of the property being valued. Valuation methods used to determine the fair value include market sales comparison, discounted cash flow and capitalisation rate. The fair value for a property may be determined using a combination of these and other valuation methods.

Market sales comparison: The sales comparison approach utilises recent sales of comparable properties, adjusted for any differences including the nature, location and lease profile, to indicate the fair value of a property. Where there is a lack of recent sales, activity adjustments are made from previous comparable sales to reflect changes in economic conditions.

Discounted cash flow: Projections derived from contracted rents, market rents, operating costs, lease incentives, lease fees, capital expenditure and future income on vacant space are discounted at a rate to arrive at a value. The discount rate is a market assessment of the risk associated with the cash flows, and the nature, location and tenancy profile of the property relative to returns from alternative investments, CPI rates and liquidity risk. It is assumed that the property is sold at the end of the investment period at terminal value. The terminal value is determined by using an appropriate capitalisation rate.

Capitalisation rate: An assessment is made of fully leased net income based on contracted rents, market rents, operating costs and future income on vacant space. The adopted fully leased net income is capitalised in perpetuity from the valuation date at an appropriate capitalisation rate. The capitalisation rate reflects the nature, location and tenancy profile of the property together with current market investment criteria, as evidenced by current sales evidence. Various adjustments, including incentives, capitalised expenditure and reversions to market rent are made to arrive at the property value.

Note 8: Financial assets at fair value through the profit or loss

	31 December 2015 $'000	30 June 2015 $'000
Current		
Units in unlisted funds managed externally	44	-
	44	-
Non-current		
Units in listed funds managed by 360 Capital Group	121,607	103,063
Units in unlisted funds managed by 360 Capital Group	45,989	46,749
Units in unlisted funds managed externally	-	365
	167,596	150,177
Total	167,640	150,177

The consolidated entity holds investments in the following managed investment schemes:

	31 December 2015 %	30 June 2015 %	31 December 2015 $'000	30 June 2015 $'000
Current				
Centuria Office Fund No.2	1.2	-	44	-
			44	-
Non-current				
360 Capital Industrial Fund (ASX: TIX)	15.6	17.4	83,535	63,877
360 Capital Office Fund (ASX: TOF)	25.3	25.3	38,072	39,186
360 Capital 111 St Georges Terrace Property Trust	44.4	44.4	30,442	30,307
360 Capital 441 Murray Street Property Trust	35.7	35.7	3,939	5,115
360 Capital Havelock House Property Trust	27.8	26.7	3,651	3,486
360 Capital Subiaco Square Property Trust	39.8	39.8	7,377	7,288
Centuria Diversified Direct Property Fund	-	19.3	-	360
Centuria Office Fund No.2	-	1.2	-	5
Other	-	-	580	553
			167,596	150,177
Total			167,640	150,177

The 360 Capital Industrial Fund and 360 Capital Office Fund are listed on the ASX. All other investments are unlisted.

Investments held in Centuria Diversified Direct Property Fund and Centuria Office Fund No. 2 are managed externally. Centuria Diversified Direct Property Fund was wound up in June 2015 and Centuria Office Fund No. 2 is expected to be wound up within the next 12 months.

During the half year TIX completed the acquisition of Australian Industrial REIT (ASX: ANI). As part of the acquisition TIX issued an additional 86,659,518 units in total thereby diluting the consolidated entity's interest, the consolidated entity also acquired an additional 6,644,231 units during the period. At the end of period the consolidated entity's holding in TIX is 15.6%. In October 2015 the consolidated entity received an additional $1.5 million consideration representing 20 cents per ANI unit associated with it accepting into the TIX offer in April 2015.

Note 8: Financial assets at fair value through the profit or loss (continued)

The consolidated entity has elected to measure these investments at fair value through profit or loss as allowed under paragraph 18 of AASB 128 *Investments in Associates and Joint Ventures*.

Movements in the carrying value during the half year are as follows:

	31 December 2015 $'000	30 June 2015 $'000
Balance at 1 July	150,177	120,838
Financial assets acquired through dividend reinvestment	-	2,215
Financial assets acquired - other	15,648	66,353
Financial assets disposed	(321)	(47,149)
Fair value adjustment of financial assets	2,136	7,920
Closing balance	167,640	150,177

Note 9: Borrowings

	31 December 2015 $'000	30 June 2015 $'000
Current		
Borrowings - secured	-	11,000
	-	11,000
Non-current		
Borrowings - secured	110,872	110,699
Capitalised borrowing costs	(1,825)	(2,079)
	109,047	108,620
Borrowings		
Total facility limit	112,400	137,400
Used at end of reporting date	110,872	121,699
Unused at end of reporting date	1,528	15,701

Note 9: Borrowings

a) Loan facilities summary

Unsecured note issue

In September 2014 consolidated entity raised $75.0 million through the issue of five year, fixed rate unsecured notes. The fixed rate of the notes is 6.9% per annum.

National Australia Bank facility

The consolidated entity had a loan facility with National Australia Bank ("NAB") which at 30 June 2015 was drawn to $11.0 million. During the period the loan was repaid in full upon the settlement of the Hurstville asset which was held as security against the facility. At reporting date the facility has been terminated.

St George Bank facility – (360 Capital Retail Fund No.1)

A controlled entity of the consolidated entity has a loan facility with St George. The $37.4 million facility is drawn to $34.1 million and expires in June 2018. The consolidated entity has an interest rate hedge covering $34.6 million of the facility at a rate of 2.54% (exclusive of the underlying margin). The interest rate hedge expires in June 2022. The facility is secured by a mortgage in favour of St George over Windsor Marketplace Windsor, Sydney NSW and City centre Plaza, Rockhampton QLD.

Funding Covenants

All loan facilities are subject to standard commercial covenants consistent with the type of loan including Loan Value Ratio, Interest Cover Ratio and Negative Variations. At the date of this report, the consolidated entity complies with all debt covenants and did at all times during the half year.

Note 10: Equity

(a) Issued capital

	31 December 2015 000's	30 June 2015 000's
360 Capital Investment Trust - Ordinary units issued	226,733	226,733
	$'000	**$'000**
360 Capital Investment Trust - Ordinary units issued	152,453	152,453

Note 10: Equity (continued)

(b) Movements in issued capital

There were no movements during the half year in the number of issued securities of the consolidated entity (June 2015: Nil).

There were no movements during the half year in the value of issued securities of the consolidated entity (June 2015: Nil).

Under Australian Accounting Standards securities issued under the 360 Capital Group ESP are required to be accounted for as options and are excluded from total issued capital, until such time as the relevant employee loans are fully repaid or the employee leaves the Group. Total ordinary securities issued as detailed above is reconciled to securities issued on the ASX as follows:

	31 December 2015 000's	30 June 2015 000's
Total ordinary securities disclosed	226,733	226,733
Issued capital on 2 October 2013 - Employee security plan	21,970	21,970
Units redeemed on 17 September 2015	(1,200)	-
Total securities issued on the ASX	247,503	248,703

During the half year 1,200,000 securities previously issued under the Group ESP were bought back and cancelled (June 2015: Nil)

(c) Employee Security Plan

During the year ended June 2014, 21,970,000 securities were granted to employees of the Stapled Group under the 360 Capital Group ESP, on 18 September 2015 the consolidated entity bought back and cancelled 1,200,000 of these securities. The issue price per security was $0.59 which was equal to the price per security in the $70.8 million Institutional Capital Raising completed by the Stapled Group in October 2013.

The employees who participated in the ESP were also provided with a loan on the grant date of an amount equivalent to the face value of the securities. Interest on the loan is equal to any distributions or dividends paid on the securities over the 3 year period, and should performance hurdles not be met, or participants elect not to repay the loan, then the Board, at its discretion, will either sell or cancel the securities.

Note 11: Financial instruments

Fair values

The fair values of all financial instruments with the exception of borrowings approximate their carrying values. This is largely due to the short-term maturities of these instruments. The fair value of borrowings is categorised within the fair value hierarchy as a Level 2 input. Set out below is a comparison of the carrying amount and fair value of borrowings at balance date:

	Carrying amount		Fair value	
	31 December 2015 $'000	30 June 2015 $'000	31 December 2015 $'000	30 June 2015 $'000
Financial liabilities				
Borrowings	109,047	108,620	110,872	110,699
Total non-current financial liabilities	109,047	108,620	110,872	110,699

<u>Fair value hierarchy</u>

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows and based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities
Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)
Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

For financial instruments that are recognised at fair value on a recurring basis, the consolidated entity determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Note 11: Financial instruments (continued)

As at 31 December 2015, the consolidated entity held the following classes of financial instruments measured at fair value:

	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
As at 31 December 2015:				
Financial assets measured at fair value				
Financial assets at fair value through profit or loss	167,640	121,607	-	46,033
Financial liabilities measured at fair value				
Derivative financial instruments	491	-	491	-
As at 30 June 2015:				
Financial assets measured at fair value				
Financial assets at fair value through profit or loss	150,177	103,063	-	47,114
Financial liabilities measured at fair value				
Derivative financial instruments	137	-	137	-

There were no transfers between Level 1 and Level 2 fair value measurements, and no other transfers into or out of Level 3 fair value measurements. Fair value hierarchy levels are reviewed on an annual basis unless there is a significant change in circumstances indicating that the classification may have changed.

Valuation techniques

Fair value profit or loss financial assets

For fair value profit or loss financial assets, the consolidated entity invests in listed and unlisted investments. The value of the investments in the listed market is stated at unit price as quoted on the ASX at each statement of financial position date. As such, listed investments are categorised as Level 1 instruments. Unlisted investments are not traded in an active market and are categorised as Level 3 instruments. NTA of the underlying investments is used as a basis for valuation however may be amended as deemed appropriate (e.g. when the NTA of the underlying investment is negative). The NTA of investments is driven by underlying investment properties which are carried at fair value based on valuations using the capitalisation rate, markets sale comparison and discounted cash flow approaches (refer to Note 7). The significant Level 3 inputs in relation to the underlying property valuations of the investments include capitalisation rates which are estimated to be in the range of 7.5% to 9.5% and discount rates estimated to be between 9.0% and 10.5%. The consolidated entity uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each statement of financial position date.

Derivatives

For derivatives, as market prices are unavailable the consolidated entity uses valuation models to derive fair value. The models are industry standard and mostly employ a Black–Scholes framework to calculate the expected future value of payments by derivative, which is discounted back to a present value. The models' interest rate inputs are benchmark interest rates such as BBSW and active broker quoted interest rates in the swap, bond and futures markets. Interest rate volatilities are sourced through a consensus data provider. As such, the input parameters into the models are deemed observable, thus these derivatives are categorised as Level 2 instruments.

Borrowings

The fair value of the borrowings is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Note 12: Related party transactions

Responsible Entity
The Responsible Entity of the Fund is 360 Capital Investment Management Limited. The immediate parent entity of the Responsible Entity is 360 Capital Property Limited (ABN 46 146 484 433), and its ultimate parent entity is 360 Capital Group Limited (ABN 18 133 569 136).

The following significant transactions occurred with related parties during the prior half year:

Acquisition of 360 Capital Diversified Property Fund
On 19 September 2014 the consolidated entity acquired 100% of 360 Capital Diversified Property Fund through a $21.2 million cash offer to external unitholders. At the time of the acquisition the consolidated entity held 58.9% of 360 Capital Diversified Property Fund.

Acquisition of 360 Capital Retail Fund No.1
In June 2015 the consolidated entity held a 77.6% interest in the 360 Capital Retail Fund No.1 in the form of underwrite units. The fund is a controlled entity of Group, which acquired two retail investment properties in June 2015. During the period the consolidated entity continued to sell down its interest and held 71.5% of the fund at balance date.

Investment in Australian Industrial REIT and conversion into TIX units
During the half year TIX completed the acquisition of Australian Industrial REIT (ASX: ANI). As part of the acquisition TIX issued an additional 86,659,518 units in total thereby diluting the consolidated entity's interest, the consolidated entity also acquired an additional 6,644,231 units during the period. At the end of period the consolidated entity's holding in TIX is 15.6%. In October 2015 the consolidated entity received an additional $1.5 million consideration representing 20 cents per ANI unit associated with it accepting into the TIX offer in April 2015.

Related Party Loan
At reporting date, the consolidated entity has a loan to the 360 Capital Group Limited of $6.5 million. There is no interest charged on the loan.

Note 13: Events subsequent to balance date

Post the reporting period, the consolidated entity received an offer (subject to various approvals) from TOF for the acquisition of the consolidated entity's 44.4% holding in the 360 Capital 111 St George's Terrace property Trust for $30.4 million.

No other circumstances have arisen since the end of the year which have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

In the opinion of the Directors of 360 Capital Investment Management Limited, the Responsible Entity:

1) The consolidated financial statements and notes that are set out on pages 7 to 26 are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half year ended on that date; and

   (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting and Corporations regulations 2001* and other mandatory professional reporting requirements; and

2) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Tony Robert Pitt
Director

Graham Ephraim Lenzner
Director

Sydney
24 February 2016

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To the unitholders of 360 Capital Investment Trust

Report on the Interim Financial Report

We have reviewed the accompanying consolidated interim financial report of 360 Capital Investment Trust (the" Fund") which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Fund and the entities it controlled at the period end or from time to time during the period.

Directors' Responsibility for the Interim Financial Report

The directors of 360 Capital Investment Management Limited, the Responsible Entity of the Fund, are responsible for the preparation of the consolidated interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the consolidated interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the consolidated interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the consolidated interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2015 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of 360 Capital Investment Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a consolidated interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which follows the Responsible Entity Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the consolidated interim financial report of 360 Capital Investment Trust is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated Fund's financial position as at 31 December 2015 and of its performance for the period ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
Sydney
24 February 2016